

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 1223 Hurricane Preparedness and Insurance
SPONSOR(S): Policy & Budget Council and Hays
TIED BILLS: **IDEN./SIM. BILLS:** SB 2366

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Insurance</u>	<u>(ref. removed)</u>	<u></u>	<u></u>
2) <u>Jobs & Entrepreneurship Council</u>	<u>11 Y, 0 N, As CS</u>	<u>Callaway</u>	<u>Thorn</u>
3) <u>Policy & Budget Council</u>	<u>22 Y, 4 N, As CS</u>	<u>Martin</u>	<u>Hansen</u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

The bill creates "The Citizens Property Insurance Corporation Mission Review Task Force" (Task Force) to analyze and compile data for development of a report specifying the statutory and operational changes needed for Citizens to operate as a state created, noncompetitive residual market. The bill specifies the membership, the appointing entities, and the term of the Task Force. It requires the Task Force to report on its activities to the Governor and Legislative presiding officers by January 31, 2008. The bill delineates the areas in which the Task Force must make recommendations on in its report.

The bill requires the Chief Financial Officer to annually report to the Governor and Legislative presiding officers on the economic impact on the state of a 1-in-250 year hurricane and specifies what factors the report should include.

The bill authorizes the Florida Building Commission (commission) to modify the Florida Building Code, but only if the modifications provided stronger building standards related to wind protection. It requires the commission to amend the code to require application of standard ASCE 7-02 throughout the state. All exceptions providing less stringent requirements must be eliminated. The bill also directs counties and cities to enforce the windborne debris protections and structural guidelines provided in standard ASCE 7-02.

The bill provides an appropriation of \$250,000 in nonrecurring funds from the General Revenue Fund to implement the Task Force.

The bill is effective "upon becoming a law."

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government: The bill creates “The Citizens Property Insurance Corporation Mission Review Task Force” and provides membership for such. It requires the Chief Financial Officer to annually report on the impact to Florida of a specified hurricane event. It also authorizes the Florida Building Commission (commission) to amend the Florida Building Code to provide stronger building standards related to wind protection. Further, the bill requires local governments to enforce the wind-borne debris protections and structural standards provided by in the American Society of Civil Engineers Standard 7, 2002 edition.

Maintain Public Security – The bill increases the physical security of buildings against hurricane winds and windborne debris.

B. EFFECT OF PROPOSED CHANGES:

Citizens Property Insurance Corporation (Citizens)

In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens) which combined the then existing Florida Residential Property and Casualty Joint Underwriting Association (RPCJUA) and the Florida Windstorm Underwriting Association (FWUA). Citizens is the state’s “insurer of last resort” and a property is eligible for coverage with Citizens only if there is no other offer from an authorized insurer.

Citizens operates under the direction of an 8-member Board of Governors. The Governor, Chief Financial Officer, the Senate President, and the Speaker of the House of Representatives each appoint two members of the Board who serve for 3-year terms.¹

Citizens offers three types of property and casualty insurance in three separate accounts: 1) Personal Lines Account (PLA) which covers homeowners, mobile homeowners, dwelling fire, tenants, condominium unit owners and similar policies; 2) Commercial Lines Account (CLA) covering condominium associations, apartment buildings and homeowners associations; and 3) High-Risk Account (HRA) which covers personal lines windstorm-only policies, commercial residential wind-only policies and commercial non-residential wind-only policies.

As of February 28, 2007, Citizens provided coverage to over 1.3 million policyholders, making Citizens the largest insurer in Florida. The number of policyholders in the three accounts are: PLA – 807,399; CLA – 10,029, and HRA – 404,887.²

HB 1A³ enacted during the 2007 Special Session was enacted, in part, to address the increased property insurance costs for Florida’s residents. To effectuate this purpose, the bill contained numerous changes to Citizens to control or reduce the premiums charged by Citizens.

Eligibility for Coverage in Citizens

Except as outlined below, property that is unable to find property insurance coverage in the private market is able to obtain property insurance in Citizens. HB 1A expanded eligibility for residential coverage in Citizens in two primary ways. First, it deleted the provision added in 2006 (SB 1980) that nonhomestead property, as defined, is ineligible for coverage from Citizens, effective March 1, 2007,

¹ s. 627.351(6)(c)4., F.S. (2006).

² http://www.citizensfla.org/Exposure_Prem_Reports.asp (last viewed March 14, 2007).

³ Ch. 2007-1, L.O.F.

unless the property owner submits certification from an agent that coverage has been rejected by at least three surplus lines insurers and one authorized insurer.

Second, HB 1A placed Citizens in more direct competition with the voluntary market by substantially revising the law that made a property ineligible for coverage from Citizens if an offer of coverage was made by an authorized insurer at the authorized insurers' approved rates. As revised, if a *new applicant* to Citizens is offered coverage from an insurer at its approved rate, the property is not eligible for a Citizens' policy, unless the insurer's premium is more than 25 percent greater than the premium for comparable coverage from Citizens. However, a *policyholder* of Citizens remains eligible for coverage regardless of any offer of coverage from a private market insurer. This allows a policyholder to choose to stay in Citizens and to reject any "take-out" offers from the voluntary market. But, the voluntary market may continue to "keep out" policies from Citizens, provided the premium is no more than 25 percent greater than Citizens' premium.

The Citizens' eligibility restrictions for homes insured for \$1 million or more were not changed by HB 1A. In this regard, beginning July 1, 2008, homes insured for \$1 million or more are ineligible for coverage in Citizens.⁴ Homes insured for \$1 million or more by Citizens before July 1, 2008 can remain in Citizens for another 3 years if the homeowner annually gets three declinations of coverage from surplus lines insurers and one from an authorized insurer. However, such property can only be covered in the high-risk account and will be considered "non-homestead property." By June 30, 2011, Citizens will not insure any home insured for \$1 million or more.

In addition, starting January 1, 2009, all newly constructed buildings within 500 feet landward or seaward of the Coastal Construction Control Line will be ineligible for coverage in Citizens. The Coastal Construction Control Line Program, authorized by the Legislature and administered by the Department of Environmental Protection, prohibits new construction within a certain distance from the water line in order to protect beaches and dunes. Buildings between 500 feet and 2,500 feet from the landward side of the Line must be built to the "code plus" building standard developed by the Florida Building Commission in order to be eligible for property insurance in Citizens. However, if the "code plus" building standard is not developed by January 1, 2009, the buildings must be built to the Miami-Dade Building Code.

The eligibility changes coupled with the rating law changes enumerated below place Citizens in a more competitive role with the private market meaning Citizens may increase its policy growth at an even greater pace, at least for the near future.

Deficits and Assessments

HB 1A substantially expanded the types of insurance policies and premiums that are subject to assessments to fund deficits of Citizens. Prior to the passage of HB 1A, the Citizens' assessment base was limited to property insurance premiums. As expanded by HB 1A, the assessment base is substantially the same as that of the Florida Hurricane Catastrophe Fund, which includes all lines of property and casualty insurance, including auto insurance, but not workers' compensation or accident and health. HB 1A also exempted medical malpractice premiums from the Citizens' assessment base (but the same exemption from the Florida Hurricane Catastrophe Fund assessments is scheduled for repeal in 2007). HB 1A's assessment base change expands the Citizens' assessment base four-fold, from about \$8.2 billion to \$35 billion (based on 2006 premiums). Accordingly, this reduces the percentage assessment that may be imposed in Citizens in the future by about one-fourth, by spreading it to additional types of insurance, notably auto policies. The expanded assessment base will also support a much larger bond issue, if necessary, and is expected to improve the bond rating and lower the cost of borrowing for Citizens.

⁴ s. 627.351(6)(a)5., F.S. (2006).

In 2008 and later, if a deficit is incurred in any Citizens' account, the board must levy an immediate assessment on each non-homestead property⁵ of up to 10 percent of the premium. If this is insufficient to eliminate the deficit, the board must levy an additional assessment against all Citizens' policyholders (including non-homestead policyholders), collected upon renewal, of up to 10 percent of premium. Any remaining deficit is funded by regular and emergency assessments, either recouped from, or directly paid by, non-Citizens' policyholders of property insurance. The regular assessment against insurers can still be imposed as soon as a deficit is determined, but must be reduced by the amounts estimated to be collected from the two 10 percent surcharges.⁶

Prior to the 2004 hurricane season, Citizens had a surplus of about \$1.1 billion for its High Risk Account and \$700 million for the PLA/CLA combined. Citizens' claims losses related to the 2004 hurricane season amounted to more than \$2.4 billion, depleting its entire surplus in the High Risk Account. Thus, Citizens incurred a \$516 million deficit in the HRA. The other two accounts (PLA and CLA) did not incur deficits. The \$516 million deficit translated into statewide average 6.8% assessment on all non-Citizens insured homeowners in Florida. However, Citizens policyholders paid a 6.8% assessment, a "market equalization surcharge," upon renewal of their policy.

Due to the 2004 losses and deficit, Citizens started the 2005 hurricane season with no surplus in the HRA. Because this account sustained losses again in 2005 as a result of the 2005 hurricanes, as well as worsening loss development for the 2004 hurricanes (which are booked to the 2005 financial statements), Citizens incurred a deficit for the second year in a row. Citizens started the 2005 hurricane season with an estimated \$162 million surplus in the PLA and \$25.7 million surplus in the CLA.⁷ For 2005, Citizens deficit was almost \$1.8 billion. In the 2006 Legislative Session, the Legislature appropriated \$715 million to defray the Citizens' deficit associated with the 2005 hurricanes, making the deficit amount passed on to property owners in Florida over \$887 million. To cover the deficit, all owners of property insurance in Florida are required to pay an assessment of 1.4% of their premium for 10 years.⁸

Rates

HB 1A substantially revised the requirements, standards, and procedures for establishing rates for Citizens' policies in an attempt to provide immediate rate relief to Citizens' policyholders while establishing a long term rate standard based on actuarial soundness, rather than focusing on non-competitiveness or collecting sufficient premium to have reserves and reinsurance to cover a specified probable maximum loss. The changes required that Citizens' rates be actuarially sound and subject to s. 627.062, F.S., which prohibits rates that are excessive, inadequate, or unfairly discriminatory, and specifies factors for the Office of Insurance Regulation (OIR) to consider in making this determination. The bill retained the requirement that after the public hurricane loss model has been found to be accurate and reliable by the Florida Commission on Hurricane Loss Projection Methodology, that model shall serve as the minimum benchmark for determining Citizens' windstorm rates.

⁵ Property that is not homestead property as defined in s. 627.351(6) is "nonhomestead property." The definition of "homestead property" in s. 627.351(6) is more expansive than the definition used for ad valorem tax purposes.

Section 627.351(6)(a)4. defines "homestead property" as: a) a property granted a homestead tax exemption under ch. 196, F.S., b) property for which the owner has a written lease with a renter for a term of at least 7 months and which is insured by Citizens for \$200,000 or less; c) an owner occupied mobile home permanently affixed to real property, owned by a Florida resident, and either granted a homestead tax exemption or, if the owner does not own the land, for which the owner certifies that the mobile home is his principal place of residence; d) tenants coverage; e) commercial lines residential property; f) any county, district, or municipal hospital; not-for-profit hospital; or continuing care retirement community that is certified under ch. 651, F.S., and receives an ad valorem tax exemption under ch. 196, F.S.

⁶ s. 627.351(6)(b)3.i., F.S. (2006).

⁷ Personal communication from a representative of Citizens on file with the Insurance Committee.

⁸ The assessment is applied to policies issued or renewed on or after July 1, 2007. In addition, the assessment percentage rate may change annually, depending on the previous years collections and fluctuations to the direct written premium base. See 2005 Citizens Property Insurance Corporation Emergency Assessment presentation available at <http://www.citizensfla.org/index.asp>.

HB 1A requires Citizens to make a new rate filing, using the actuarially sound rate standard, effective January 1, 2008. Although the term “actuarially sound” does not have a precise definition, particularly when applied to a residual market insurer that depends on assessments for financing, the term generally means a rate that will cover expected losses. When applied to windstorm losses, this means a rate sufficient to cover average annual expected losses, based on hurricane loss projection models. The OIR will determine whether the rate filed by Citizens is “actuarially sound” and will determine what components Citizens is allowed to include in its “actuarially sound” rates.⁹

HB 1A required the OIR to annually establish Citizens’ rates within 45 days after Citizens files recommended rates, and prohibited Citizens from legally challenging the OIR determination. In addition, for one year (2007), HB 1A froze Citizens’ rates to those that were in effect on December 31, 2006, resulting in immediate premium reductions for Citizens’ policyholders. During the one year rate freeze, Citizens is still able to make rate filings which reduces rates further during the year; they are just not allowed to increase rates.

Task Force on Citizens Property Insurance Claims Handling and Resolution

HB 1A created the Task Force on Citizens Property Insurance Claims Handling and Resolution (Citizens’ Claims Handling Task Force). The Citizens’ Claims Handling Task Force is in existence until the end of the 2006-2008 legislative biennium and is directed to study issues relating to how Citizens currently handles, adjusts, and disposes of its claims in order to recommend improvement in such. It is required to report two times to the Legislature, the Governor, and the Chief Financial Officer on its findings. The first report, due July 1, 2007, must provide findings and recommendations about how Citizens’ can dispose of still-open claims from the 2004 and 2005 hurricane season. The second report, due July 1, 2008, must provide findings and recommendations about how Citizens can more efficiently and timely handle, adjust, and dispose of future claims. The Citizens’ Claims Handling Task Force has not met yet as all the appointments have not been made by the appointing entities.

Proposed Changes Relating to the Citizens Mission Review Task Force

The bill creates “The Citizens Property Insurance Corporation Mission Review Task Force” (Task Force). The Task Force’s charge is to analyze and compile data pertinent to developing a report specifying the statutory and operational changes needed for Citizens to operate as a state created, noncompetitive residual market. The report is to be submitted to the Governor and the Legislative presiding officers by January 31, 2008.

The bill delineates specific areas the Task Force must provide recommendations on in its report to the Governor and Legislative presiding officers. The Task Force is required to hold meetings, take testimony, and conduct research to fulfill its charge.

The bill specifies the membership of the 17 member Task Force:

- Three members appointed by the House Speaker;
- Three members appointed by the Senate President;
- Three members appointed by the Governor, none of which can be affiliated with insurers; and
- Eight members representing private sector insurers, six of which represent insurance companies with specified policy counts and two of which represent insurance agents.

⁹ It unclear whether any additional amount beyond average annual loss should be included in Citizens’ rate to collect an imputed “cost of capital” that would reduce Citizens’ reliance on assessments. It is also not clear if the term “actuarially sound” encompasses charging an amount in excess of annual average loss to build towards financing a probable maximum loss for a specified period, such as a 50 or 100 year storm. (Even though Citizens would be subject to a rate standard substantially the same as for voluntary market property insurers, Citizens is not subject to the same solvency requirements such as minimum surplus, restrictions on premium writings, or having surplus and reinsurance to cover a 100-year probable maximum loss.)

The bill specifies when the appointing entities must make the Task Force appointments (30 days after the effective date of the bill), when the Task Force must convene its first meeting (within one month of appointment of all Task Force members), and when the Task Force expires (no later than 60 calendar days after report submission). The bill does not allow Task Force members to receive compensation for service but allows them to receive state-allowed per diem. The Task Force is allowed to employ consultants and administrative staff. Citizens' senior staff is required to attend Task Force meetings and to cooperate with the Task Force.

Report on Hurricane Impact on Florida

The bill requires the Chief Financial Officer to annually report to the Governor and presiding officers on the economic impact on the state of a 1-in-250 year hurricane and specifies what factors the report should include.

Florida Building Commission and Florida Building Code

The Florida Building Commission¹⁰ (commission) must adopt and maintain the Florida Building Code¹¹ (code) as the technical regulation of construction activity throughout the state.¹² The commission's charge includes annual amendments and triennial updates, wherein the commission integrates previously adopted amendments, local amendments meeting a statutory threshold, and its declaratory statements with the newest edition of the model code upon which the Florida Building Code is based. The commission also is charged with several means of interpreting the code.¹³

Design Standards for Wind Resistance

The code adopts the national model building code engineering standard known as the American Society of Civil Engineers Standard 7, 2002 edition (ASCE 7-02) for protection against hurricane winds. The ASCE 7-02 standard considers both wind speeds that can be developed by hurricanes and factors such as terrain and shielding by other buildings that affect the strength of those winds when they impact buildings. This standard, however, is not applied consistently across the state.

Panhandle Exemption

The Florida panhandle, which consists of the eastern border of Franklin County to the Florida-Alabama line, is provided an exemption from the 120 mph windborne debris standard¹⁴. This often is referred to as the "panhandle exemption".

In 2000, the legislature created the panhandle exemption to the code. Section 109 of chapter 2000-141, Laws of Florida, provided that from the eastern border of Franklin County to the Florida-Alabama line, only land within one mile of the coast was subject to the windborne debris standards adopted by the commission.

In 2006, the legislature authorized the commission to amend the wind design standards contained in the code. The change allowed the commission to eliminate or revise the panhandle exemption and to amend the wind design standards applicable to the panhandle region to incorporate the ASCE 7-02 standard. The law required the wind lines to address the results of the Florida Panhandle Windborne Debris Region study.¹⁵

¹⁰ Section 553.74(1), F.S., creates the commission within the Department of Community Affairs for administrative purposes. It is composed of 23 members appointed by the Governor and confirmed by the Senate.

¹¹ Section 553.73, F.S.

¹² Section 553.73(1), F.S.

¹³ Section 553.77, F.S.

¹⁴ The 120 mph windborne debris standard specifically requires buildings to provide additional protection in areas that are expected to experience hurricane winds of 120 mph or greater.

¹⁵ Section 1, chapter 2006-65, L.O.F.

As a result of that study, the commission amended the code to require application of the windborne debris standard to the panhandle at the 130 mph line. The rest of the state is required to comply with the windborne debris standard at the 120 mph line. As such, this change still results in a panhandle exemption because the panhandle is not required to meet the same windborne debris standards as the rest of the state. Further, those areas within 1500 feet of open water are subject to the 120 mph windborne debris standard.¹⁶ The changes were to take effect March 8, 2007.¹⁷

Windborne Debris and Treed Terrain

The commission contracted with Applied Research Associates to conduct an engineering based risk assessment of hurricane windborne debris protection options for the panhandle. The study concluded that within the wind speed contours investigated (110 mph to 130 mph), terrain is more important than wind speed in determining the need for windborne debris protection.¹⁸ In addition, the study recommended changes to the panhandle exemption which were adopted by the commission and were to take effect March 8, 2007. It should be noted, however, that the study did not take into consideration the following:

- Increased development in the panhandle region. As more structures are built, more trees are cut down.
- Tree fall from the 2004 hurricane season.
- Maturation of the tree canopy in the panhandle.¹⁹

Changes to the Florida Building Code Made By HB 1A

HB 1A made substantial changes to the Florida Building Code. The bill required the Florida Building Code be revised as follows, in order to repeal the so-called “Panhandle exemption” and other changes to strengthen the windstorm resistance requirements of the code:

- Required the Florida Building Commission to amend the Florida Building Code by July 1, 2007, to adopt the wind-borne-debris protection requirements of the International Building Code (2006) and the International Residential Code (2006) within the wind-borne-debris region (120 mph+) as defined by those codes. This does not apply to the High Velocity Hurricane Zone. This also has the effect of deleting the internal pressurization option for buildings in the wind-borne-debris region.
- Prohibited amendments or modifications that diminish provisions related to wind resistance or water intrusion. However, the commission may amend such provisions to enhance those requirements.
- Required local jurisdictions to immediately enforce these wind-borne debris protection requirements upon the effective date of the act (i.e. for building permits issued on or after that date) pending adoption by the Florida Building Commission.
- Required the Florida Building Commission to develop voluntary “Code-Plus” guidelines for increasing the hurricane resistance of buildings that may be modeled on the Miami-Dade building code.

¹⁶ These changes were recommended in a study performed by Applied Research Associates pursuant to a contract with the commission.

¹⁷ Testimony by James Richmond, attorney for the Florida Building Commission, Committee on State Affairs workshop of statewide building code practices, January 10, 2007.

¹⁸ “Summary of UF 2004 Hurricanes Building Performance Assessment and ARA Wind-Borne Debris Criteria for the Panhandle Study”, available at http://www.dca.state.fl.us/fbc/publications/1_publications.htm, under the heading “Summary Briefing”.

¹⁹ These factors were raised as concerns by Leslie Chapman-Henderson during testimony provided to the Committee on State Affairs as part of its workshop on statewide building code practices on January 10, 2007. Leslie Chapman-Henderson provided testimony on behalf of the Property and Casualty Insurance Reform Committee for which she served as a member.

Proposed Changes Relating to the Florida Building Code

The bill authorizes the Florida Building Commission to modify the Florida Building Code, but only if the modifications provided stronger building standards related to wind protection. It requires the commission to amend the Florida Building Code to require application of standard ASCE 7-02 throughout the state. All exceptions providing less stringent requirements must be eliminated. Finally, the bill directs counties and cities to enforce the windborne debris protections and structural guidelines provided in standard ASCE 7-02.

C. SECTION DIRECTORY:

Section 1: Creates "The Citizens Property Insurance Corporation Mission Review Task Force," provides membership, provides duties, requires reporting, and provides expiration of the Task Force.

Section 2: Creates an unnumbered section of law requiring the Chief Financial Officer to report on the economic impact on the state of a 1-in-250 year hurricane.

Section 3: Amends s. 553.73 as amended by chapter 2007-1, Laws of Florida relating to the Florida Building Code.

Section 4: Amends section 10 of chapter 2007-1, Laws of Florida relating to the Florida Building Code.

Section 5: Provides for a nonrecurring appropriation of \$250,000 from the General Revenue Fund for implementation of the bill.

Section 6: Provides the bill is effective "upon becoming a law."

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill provides an appropriation of \$250,000 in nonrecurring funds from the General Revenue Fund to implement the Task Force.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision does not apply because this bill does not: require counties or municipalities to spend funds or to take an action requiring the expenditure of funds; reduce the authority that municipalities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill requires the commission to amend the code in order to eliminate all exceptions that provide less stringent requirements, in essence, eliminating the panhandle exemption. It also authorizes the commission to amend the code in order to include stronger building standards related to wind protection.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Section three of the bill applies the ASCE 7-02 (American Society of Civil Engineers 2002) standard for wind debris protections. By requiring a specific version of the standard to be used (the 2002 version), the bill will prevent the Florida Building Commission from changing the standard as the national standards change.

D. STATEMENT OF THE SPONSOR

This statement was provided for the original version of the bill:

This bill provides for a long-term solution to the property insurance risk that is currently borne by the people of Florida. The transition of Citizens Property Insurance Corporation into a mutual insurance company will appropriately shift this risk onto individual policy owners in a manner that will allow for the cost of their premiums to be commensurate with the risk imposed by their property. The disclosure by the Chief Financial Officer of the risks imposed to Floridians will keep our taxpayers adequately informed of the economic conditions imposed by hurricane exposure on an annual basis.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On April 20, 2007, the Jobs & Entrepreneurship Council considered the bill, adopted a strike-all amendment and an amendment to the strike-all amendment and reported the bill favorably with a council substitute. The strike-all amendment did the following:

- Changed the task force created by the bill from The Citizens Property Insurance Corporation Liquidation Task Force to the Citizens Property Insurance Corporation Mission Review Task Force. The task force is to study and report on the statutory and operational changes needed for Citizens to function as a state-created, noncompetitive residual market.
- Provides reporting requirements for the Mission Review Task Force.
- Outlines what issues the Task Force report must make recommendations on.
- Provides composition of the Task Force members and for appointment of such.
- Changes the Office of Insurance Regulation's authority to disapprove rate increases for residential property insurance.

- Provides timeframes for insurer's to submit rate filings and the OIR to review residential property insurance rate filings.
- Requires the CFO to do an annual report regarding the economic impact on the State from a 1 in 250 year hurricane.
- Amends the Florida Building Code.
- Provides an appropriation of \$250,000 from the General Revenue Fund to implement the Task Force provisions.

The amendment to the strike-all added a member to the Task Force and changed the appointing entity of the insurance agent representative.

The staff analysis was updated to reflect the adoption of the amendments and the council substitute version of the bill.

On April 23, 2007, the Policy & Budget Council considered the bill, adopted two amendments to the bill, and reported the bill favorably with a council substitute. The amendments did the following:

- Removed the bill's provisions restricting the Office of Insurance Regulation's review of residential property rate filings.
- Removed the bill's provision repealing section 9 of chapter 2007-1, Laws of Florida which required the Florida Building Commission to amend the Florida Building Code by July 1, 2007, to adopt the wind-borne-debris protection requirements of the International Building Code (2006) and the International Residential Code (2006) within the wind-borne-debris region (120 mph+) and deleted the internal pressurization option for buildings in the wind-borne-debris region.

The staff analysis was updated to reflect the adoption of the amendments and the council substitute version of the bill.